

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## Malaysia

### LOCK-UP REPORT

### Update (May)

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**Report Highlights:**

Malaysia's crude palm oil (CPO) production rose 0.8 percent to 1.3 MMT in April 2009. A small increase in CPO output could not offset the sharp reduction in carry-in stocks and resulted lower stocks at the end of May. CPO prices rose RM2,809/MT in May in response to lower stocks and tighter domestic palm oil supply.

**Post:**

Kuala Lumpur

**Commodities:**

Oil, Palm

**Executive Summary:**

Production

The Malaysian Palm Oil Board (MPOB) reported that total crude palm oil (CPO) production rose 0.8 percent to 1.3 MMT in April 2009. Peninsular Malaysia's production increased by 1.8 percent while East Malaysia's output declined by 0.6 percent. Compared to April 2008, output during April 2009 was 3.2 percent lower. The palms are entering a seasonal uptrend in output phase and Post expects CPO output to increase to 4.4 TMT during Apr–Jun period. The uptrend is likely to continue into the Jul-Sep quarter.

#### Price

Following news of a sharp drop in April carry-out stocks and a tighter domestic supply of palm oil, local delivered CPO rose above RM2,680/MT during the month of May with the peak of RM2,887/MT on May 13. Overall, the monthly average delivered CPO price increased from RM2,402/MT in April to RM2,784/MT in May. For comparison, the average CPO price for May 2008 was RM3,513/MT. Refined/Bleached/Deodorized (RBD) Palm Oil FOB average price rose from US\$679/MT in April to US\$814/MT in May.

#### Stocks

Despite a marginal increase in CPO production, the sharp drop in carry-in stocks resulted in a lower stock level at the end of May. This situation is expected to continue into the Apr-Jun period with the stock level expected to be around 1.3 MMT by the end of June.

#### Trade

A preliminary official report shows PO exports declined 5.6 percent to 1.3 MMT in April. Cargo surveyor Societe Generale reported Malaysian palm oil exports rose about 9.3 percent to 823 TMT during May 1 – 20 compared to April 1 – 20.

Exchange Rate: RM3.614 (Apr 27, 2009); RM3.495 (May 26, 2009)

#### Other Relevant Reports

Oilseeds & Products Annual (AGR Number MY9008)  
<http://www.fas.usda.gov/gainfiles/200903/146337529.doc>

#### **Author Defined: Annual Situation**

PS&D table for palm oil remains unchanged since the submission of the Oilseed Update Report MY9013.

	Revised 2007/08	Prelim 2008/09	Forecast 2009/10
(1,000 MT)			
Beg Stock	1,462	1,951	1,800

Production	17,567	17,900	18,200
Imports	462	700	700
Total Supply	19,491	20,551	20,700
Exports	14,644	15,755	15,900
Domestic Use	2,896	2,996	3,200
Ending Stock	1,951	1,800	1,600

### Quarterly Production for Palm Oil

	2008 1/	2009 2/	2008 1/	2009 2/
	Jan-Mar	Jan-Mar	Apr-Jun	Apr-Jun
(1,000 MT)				
Beg Stocks 3/	1,682	1995	1,825	1,364
Prod- Pen. Mal	2,305	2,192	2,432	2,525
- East Mal	1,642	1,600	1,823	1,860
- Total	3,947	3,792	4,255	4,385
Imports	157	73	139	200
Total Supply	5,786	5,860	6,219	5,949
Exports 4/	3,351	3,862	3,663	3,900
Dom Disap 5/	610	634	552	744
End Stocks	1,825	1,364	2,034	1,305

1/ Revised;

2/ Forecast;

- 3/ Stocks include crude and refined for all Malaysia;  
 4/ Exports exclude shipments of fatty acid oil distillate  
 and all intra-Malaysia trade;  
 5/ Residual

## Production

	2008	2008	2009	2009	2009
	Apr	Jan-Apr	Mar /1	Apr	Jan-Apr
(1000 MT)					
CPO:					
Pen. Malaysia	759	3,064	743	756	2,948
East Malaysia	569	2,210	533	530	2,131
- Total /1	1,328	5,274	1,276	1,276	5,079
Palm Kernel: Malaysia	346	1,395	345	337	1,354
Palm Kernel Oil: Malaysia	167	662	161	159	645
Palm Kernel Meal: Malaysia	183	737	178	176	713

1/ Revised

## Prices

	Local Crude	RBD Palm Oil	RBD Olein	RBD Stearin

	RM/MT	US\$/MT	US\$/MT	US\$/MT
May 2008	3,513	1,219	1,243	998
Jun	3,595	1,184	1,234	977
Jul	3,455	1,153	1,183	950
Aug	2,674	878	916	715
Sep	2,350	743	768	598
Oct	1,752	538	580	422
Nov	1,528	483	512	347
Dec	1,562	489	526	331
Jan 2009	1,842	575	609	438
Feb	1,898	583	600	430
Mar	2,027	577	613	446
Apr 2/	2,402	679	744	576
May (till 20)	2,784	814	845	752

1/ Prices are for West Malaysia only (since October 2006),

2/ Revised

Exchange Rate: RM3.614 (Apr 27, 2009); RM3.495 (May 26, 2009)

### Stocks

	2008	2008	2008	2009
	Apr	Feb	Mar 1/	Apr
(1,000 MT)				
Crude P. Oil	945	909	654	606
Processed PO	845	657	711	686

- Total PO	1,790	1,566	1,365	1,292
Palm Kernel	133	115	109	104
P. Kernel Oil	286	334	310	302

1/ Revised